

April 11, 2017

The Honorable Ajit Pai, Michael O’Rielly, and Mignon Clyburn
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai, Commissioner O’Rielly, and Commissioner Clyburn:

We write to encourage the Federal Communications Commission (FCC) to continue working to advance broadband deployment in high-cost rural areas to give rural Americans the opportunity to obtain affordable broadband.

Congress has expressed broad support for modernizing the federal Universal Service Fund (USF) toward this goal. On May 6, 2014, 133 Members of Congress – 44 Senators and 89 House Members – signed bipartisan letters calling on the FCC to make tailored modifications to USF support for the delivery of broadband services to consumers in high-cost areas of the United States served by small, rural rate-of-return-regulated local exchange carriers. Similar letters were sent in May 2015 by more than 176 Members of Congress, including 61 Senators and 115 House Members.

The shared concern expressed in those letters was that rural consumers who wished to “cut the cord” on traditional voice “plain old telephone service” (POTS) and opt instead to obtain only fixed broadband services could not do so. As those letters noted, the FCC’s old rules unfortunately tied USF support to a consumer’s purchase of POTS, making it impossible for millions of rural consumers to obtain affordable “standalone broadband” without buying traditional telephone service as well.

We appreciate the steps taken by the FCC last year to address this concern. However, we are still hearing frustration about the prices for and the availability of standalone broadband. Many operators remain unable or unwilling to offer such broadband because their prices would still be unreasonably high even after the reforms. Other operators may offer standalone broadband, but the costs they are forced to recover from rural consumers far exceed what urban consumers would pay for the same service.

All this means that, despite the reforms last year, millions of rural consumers are still not seeing widespread affordable standalone broadband services due to insufficient USF support. Meanwhile, the limited USF budget also reduced the amount of funding available to carriers electing new “model-based” USF support, resulting in tens of thousands of rural consumers receiving slower broadband speeds than intended by the model or not gaining access to broadband at all.

We are concerned that the lack of sufficient resources in the reformed High-Cost mechanism may be undermining the desired effect of the reforms and falling short of the statutory mandate that reasonably comparable services at reasonably comparable rates be available to rural and urban Americans alike. We therefore encourage you to consider any changes to the High-Cost

mechanism that may be necessary to ensure it can achieve the goal of making affordable broadband available to Americans in high-cost rural areas.

Thank you for your consideration. We look forward to continuing to work with you to ensure rural American consumers and businesses have access to quality, affordable broadband.

Sincerely,



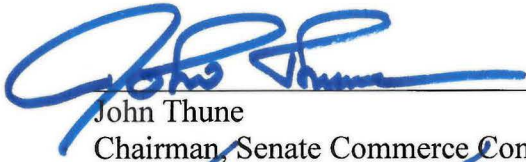
Deb Fischer
United States Senator



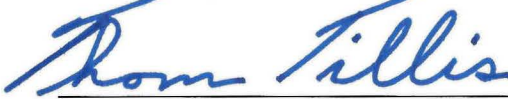
Amy Klobuchar
United States Senator



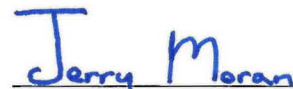
Roy Blunt
United States Senator



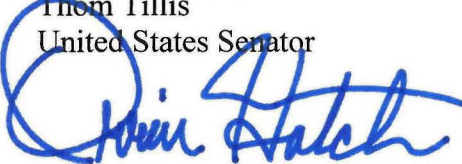
John Thune
Chairman, Senate Commerce Committee



Thom Tillis
United States Senator



Jerry Moran
United States Senator



Orrin Hatch
United States Senator



Maria Cantwell
United States Senator



Roger F. Wicker
United States Senator



Joe Manchin
United States Senator



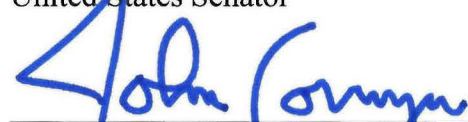
Richard Burr
United States Senator



Kirsten Gillibrand
United States Senator



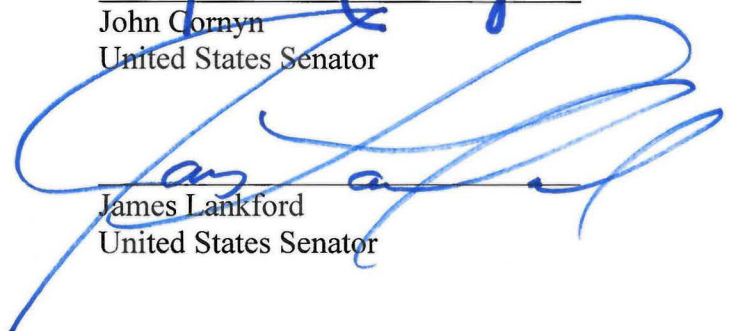
Claire McCaskill
United States Senator



John Cornyn
United States Senator



Tammy Baldwin
United States Senator




James Lankford
United States Senator



Shelley Moore Capito
United States Senator


Heidi Heitkamp
United States Senator


Michael F. Bennet
United States Senator

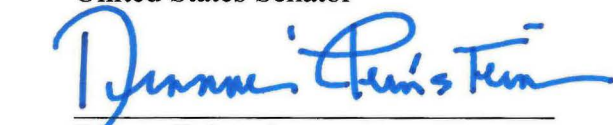

Ron Wyden
United States Senator

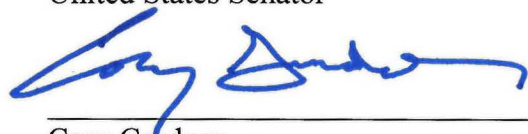

Pat Roberts
United States Senator



John Barrasso, M.D.
United States Senator

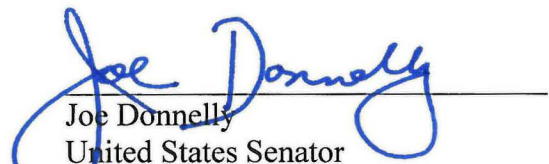

Tim Kaine
United States Senator



Tom Cotton
United States Senator


Dianne Feinstein
United States Senator


Cory Gardner
United States Senator


Al Franken
United States Senator



Joe Donnelly
United States Senator

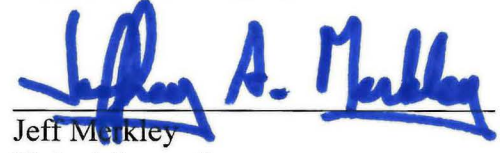

Lindsey O. Graham
United States Senator


Johnny Isakson
United States Senator

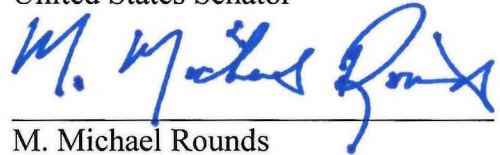

Jeanne Shaheen
United States Senator


Todd Young
United States Senator


Richard Durbin
United States Senator


Jeff Merkley
United States Senator


Steve Daines
United States Senator

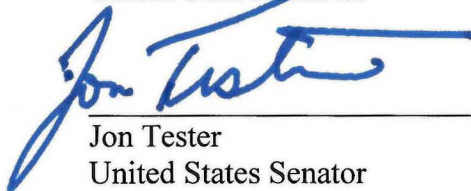

M. Michael Rounds
United States Senator



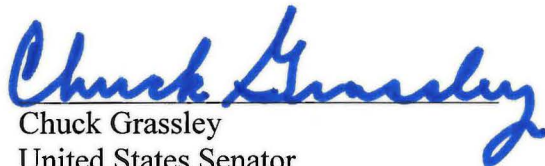
Angus S. King, Jr.
United States Senator



Rob Portman
United States Senator



Jon Tester
United States Senator



Chuck Grassley
United States Senator



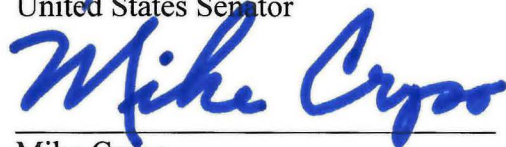
Bill Cassidy
United States Senator



Gary C. Peters
United States Senator



Tammy Duckworth
United States Senator



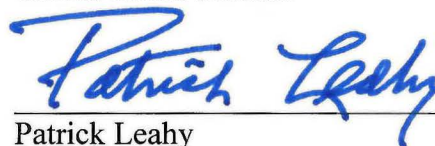
Mike Crapo
United States Senator



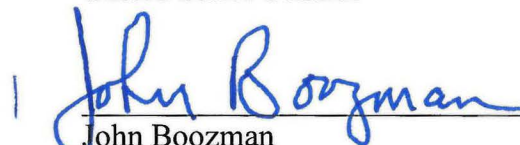
Debbie Stabenow
United States Senator



Margaret Wood Hassan
United States Senator



Patrick Leahy
United States Senator



John Boozman
United States Senator



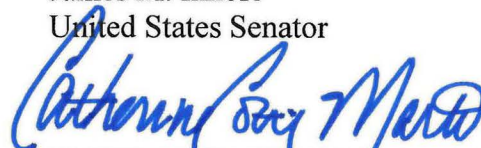
Robert P. Casey, Jr.
United States Senator



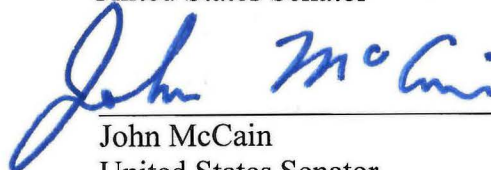
John Hoeven
United States Senator




James M. Inhofe
United States Senator



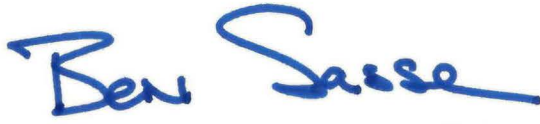
Catherine Cortez Masto
United States Senator



John McCain
United States Senator



Tim Scott
United States Senator



Ben Sasse
United States Senator



Michael B. Enzi
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Tammy Baldwin
United States Senate
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

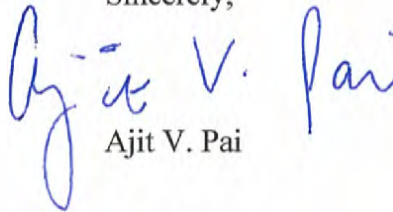
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable John Barrasso
United States Senate
307 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Barrasso:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

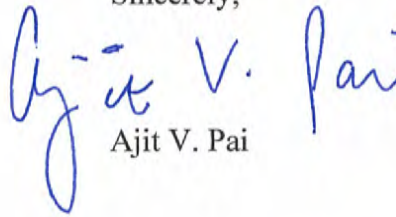
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Michael Bennet
United States Senate
261 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Bennet:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

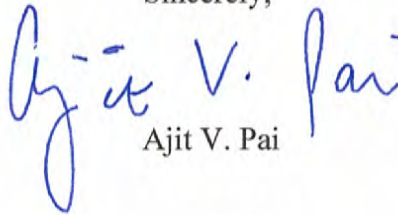
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Michael Bennet

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Roy Blunt
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Blunt:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

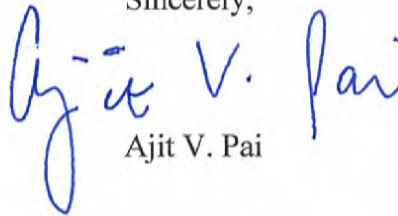
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable John Boozman
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boozman:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

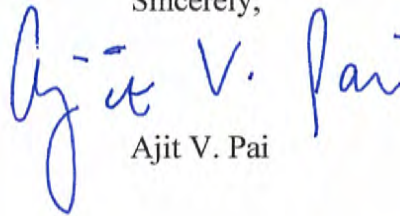
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable John Boozman

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Richard M. Burr
United States Senate
217 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Burr:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

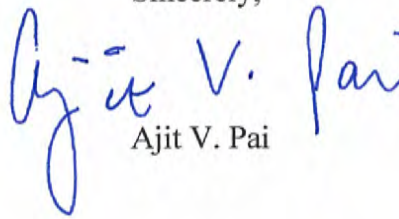
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cantwell:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

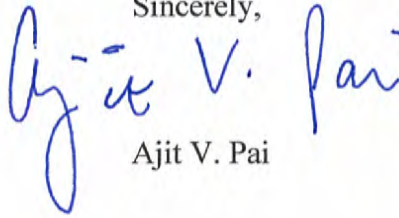
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A' and a trailing 'j'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large, looped 'P' and a trailing 'i'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Shelley Moore Capito
United States Senate
172 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Capito:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

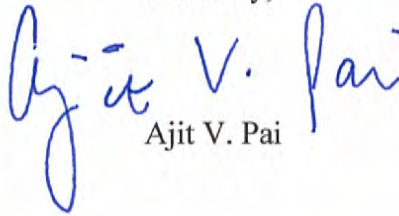
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Bob Casey
United States Senate
393 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Casey:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

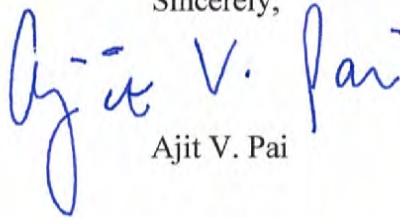
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Bill Cassidy
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cassidy:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

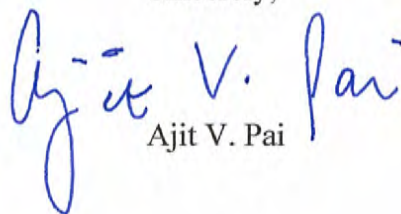
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cornyn:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

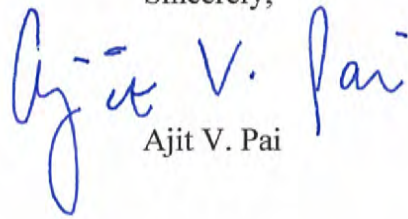
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Catherine Cortez Masto
United States Senate
B40A Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cortez Masto:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

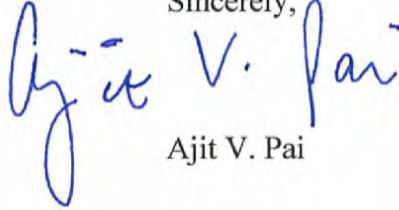
Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Tom Cotton
United States Senate
124 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Cotton:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

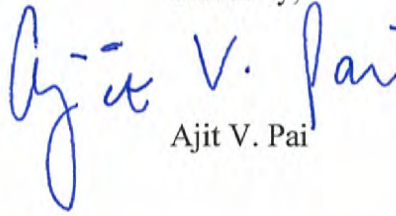
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and the last name "Pai" in a more formal, upright script. The middle initial "V." is written between the first and last names.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Michael D. Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Crapo:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

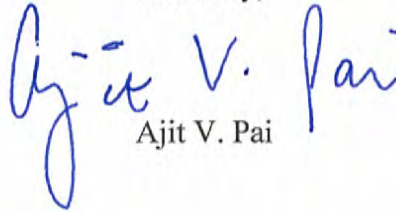
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A' and a small 'j'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large, looped 'P' and a small 'i'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Steve Daines
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Daines:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

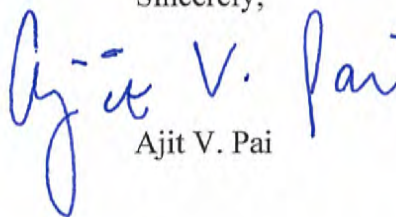
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Joe Donnelly
United States Senate
720 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Donnelly:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

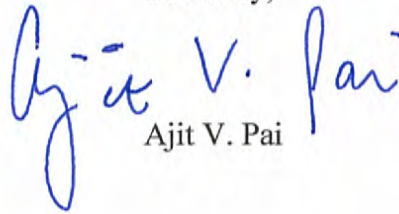
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Tammy Duckworth
United States Senate
G12 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Duckworth:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

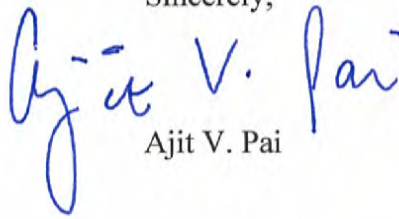
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

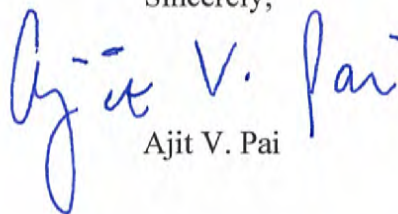
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Richard J. Durbin

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Michael B. Enzi
United States Senate
379A Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Enzi:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

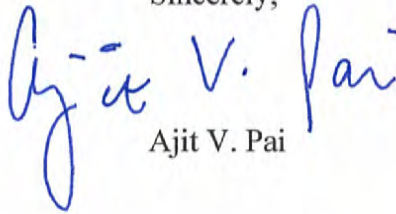
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

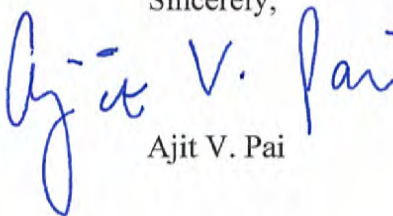
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Deb Fischer
United States Senate
454 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Fischer:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

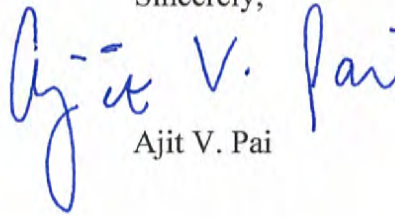
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

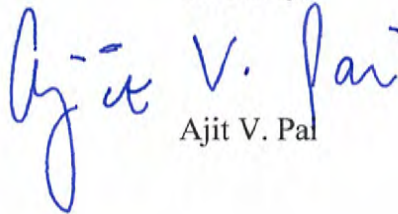
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and "V. Pai" in a more formal, upright style.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Cory Gardner
United States Senate
354 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gardner:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

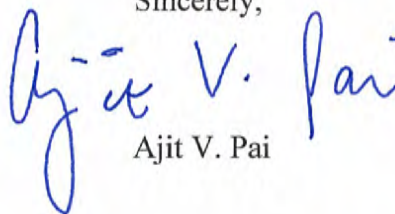
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Kirsten Gillibrand
United States Senate
478 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gillibrand:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

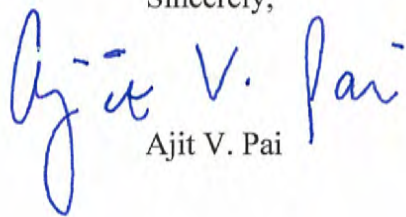
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Lindsey Graham
United States Senate
290 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Graham:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

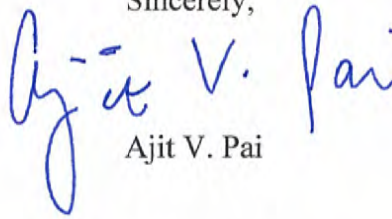
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Charles E. Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

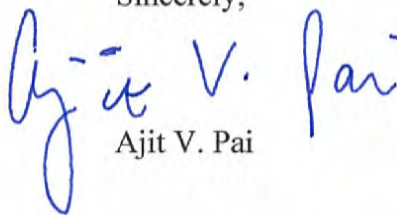
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Maggie Hassan
United States Senate
B85 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hassan:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

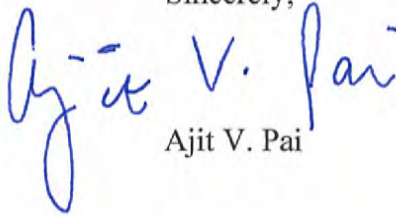
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and the last name "Pai" in a more formal, upright script. The middle initial "V." is written between the first and last names.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Orrin G. Hatch
United States Senate
104 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Hatch:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

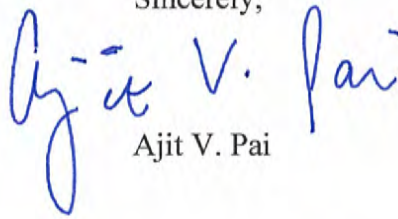
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Heidi Heitkamp
United States Senate
110 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

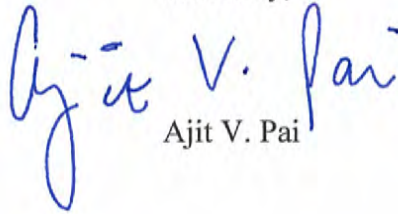
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable John Hoeven
United States Senate
338 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hoeven:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

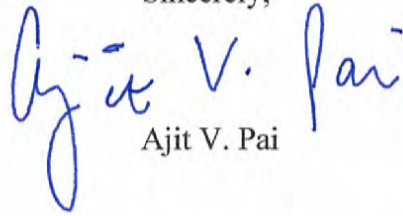
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable James M. Inhofe
United States Senate
205 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Inhofe:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

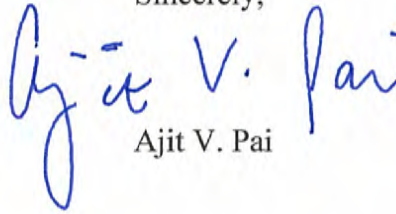
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Isakson:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

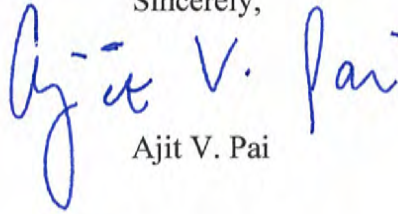
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Tim Kaine
United States Senate
231 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Kaine:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

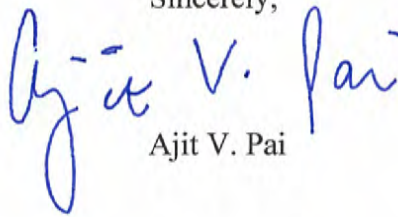
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Angus King
United States Senate
133 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator King:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

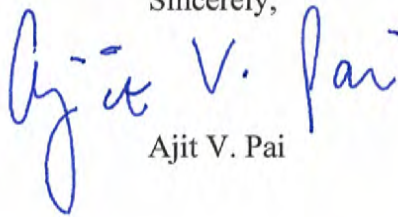
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Angus King

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

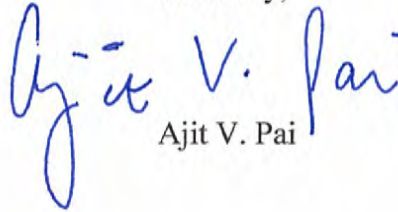
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable James Lankford
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lankford:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

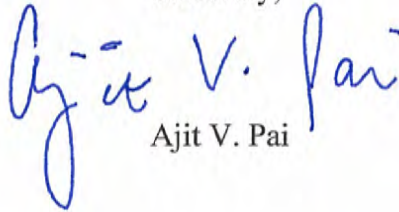
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Patrick J. Leahy
United States Senate
437 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Leahy:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

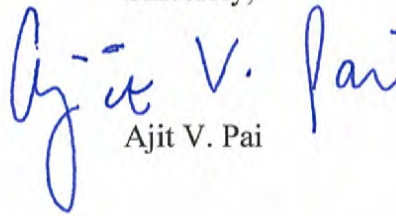
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Manchin:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

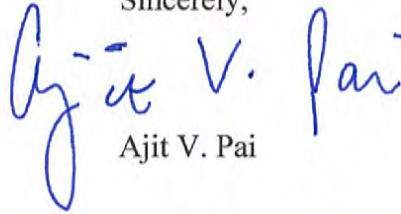
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Joe Manchin

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable John McCain
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator McCain:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

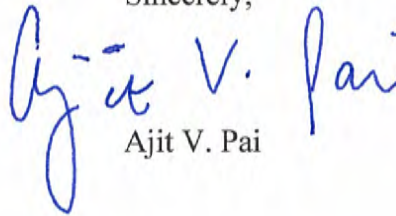
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and the last name "Pai" in a more upright, blocky style. The middle initial "V." is written in a simple, clear font between the first and last names.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Claire McCaskill
United States Senate
730 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator McCaskill:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

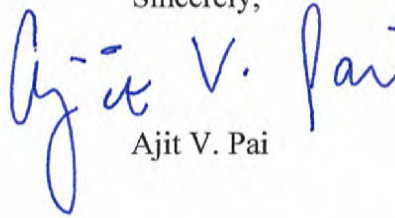
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Jeff Merkley
United States Senate
313 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Merkley:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

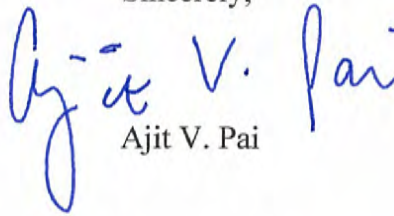
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and the last name "Pai" also in a cursive-like script, with a period after the first initial "V".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

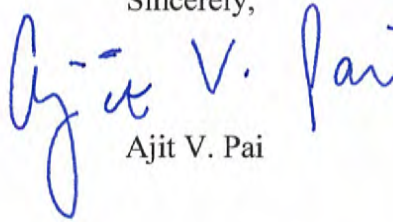
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Gary Peters
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Peters:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

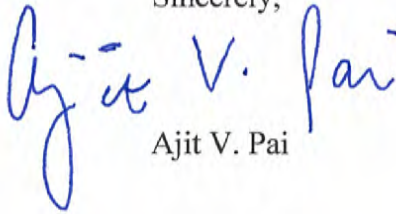
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Rob Portman
United States Senate
448 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Portman:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

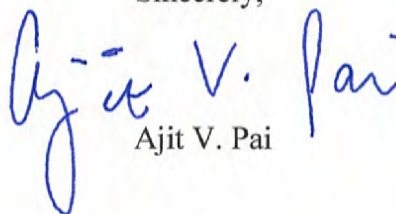
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like font, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

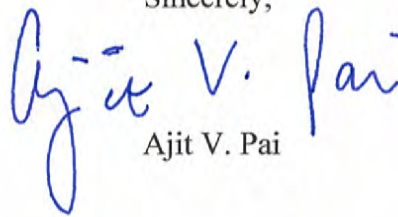
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the “parent-trap” rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a “surrogate method” to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A' and a trailing 't'. The middle initial "V." is written with a large 'V' and a period. The last name "Pai" is written with a large 'P' and a trailing 'i'.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Michael Rounds
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Rounds:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

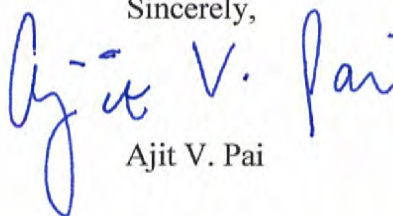
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A' and a small 'i'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large 'P' and a small 'i'.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Ben Sasse
United States Senate
386A Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Sasse:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

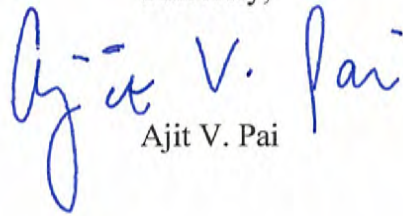
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Tim Scott
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Scott:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

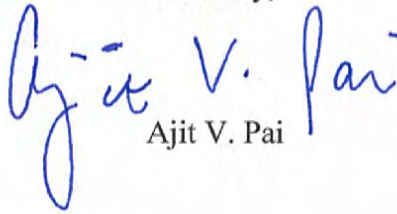
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Jeanne Shaheen
United States Senate
506 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Shaheen:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

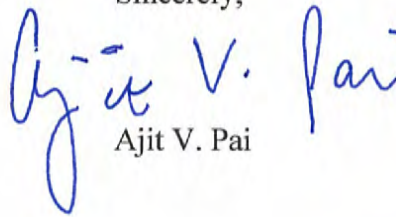
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Jeanne Shaheen

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like font, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Debbie Stabenow
United States Senate
731 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Stabenow:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

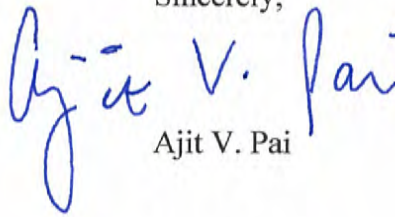
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Jon Tester
United States Senate
311 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Tester:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

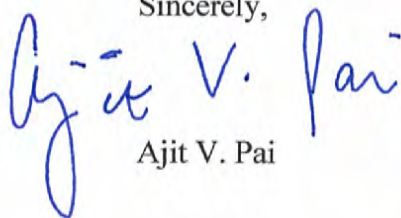
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Thune:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

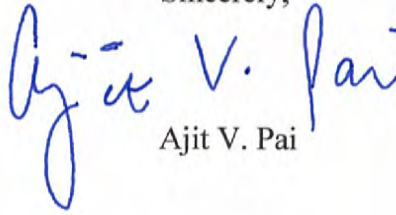
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Thom Tillis
United States Senate
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Tillis:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

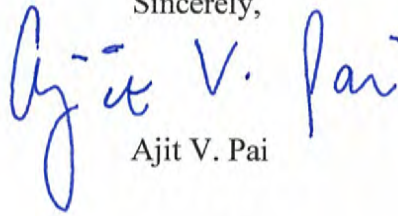
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Roger Wicker
United States Senate
555 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Wicker:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

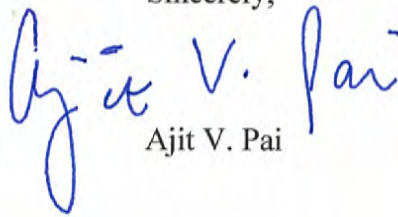
To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Page 2—The Honorable Roger Wicker

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is stylized, with the first name "Ajit" written in a cursive-like script and the last name "Pai" in a more upright, blocky style. The middle initial "V." is written in a simple, clear font between the first and last names.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 16, 2017

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Wyden:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

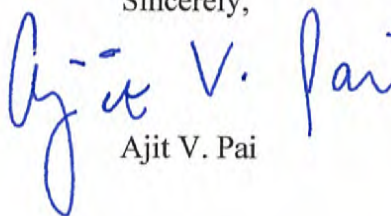
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 16, 2017

The Honorable Todd Young
United States Senate
B33 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Young:

Thank you for your letter regarding the importance of delivering to all Americans—including those in high-cost rural areas—affordable access to high-speed Internet access. As you know, I grew up in Parsons, Kansas and have traveled during my time at the Commission to locations as varied as Barrow, Alaska, and Diller, Nebraska, and Carthage, Mississippi. I have seen with my own eyes what access to affordable high-speed Internet access can do for a community—for its schools, its libraries, and its hospitals, and for those Americans struggling to stay afloat.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers were incented to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

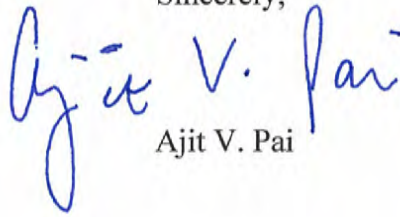
I wish I could tell you that the FCC has fixed this problem. But as your letter rightly points out, we have not. Despite the Commission's efforts in the 2016 *Rate-of-Return Reform Order*, I still hear from small carriers that offering stand-alone broadband would put them underwater—that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* needlessly complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural America.

To provide some relief, my colleagues in recent months have urged me to work through a punch list of lingering issues from the *Order*. I have accordingly directed staff to work through that list. In April, the Commission amended a rule that would have disallowed capital expenses to any project exceeding a Commission-set threshold by even a dollar; now providers can complete efficient projects so long as they are willing to absorb any costs above the threshold. That month staff also resolved concerns raised by rural carriers about the "parent-trap" rule. In May, I circulated an order to address problems with two calculations made in the *Order*—one involving a "surrogate method" to avoid duplicative cost-recovery and another involving charges imposed on stand-alone broadband lines. Also in May, I circulated an order to address certain duplicative reporting requirements imposed on rural providers. I look forward to continue working with my colleagues on these issues.

Although I hope these changes will help, you may be right that something more fundamental is needed. After all, if the *Order* is not carrying out its stated purpose of advancing broadband deployment in rural America, we cannot ignore that problem—for time is not on the side of rural Americans.

I appreciate your views on this matter. They will be included in the record of this proceeding and considered as part of the Commission's review. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai